

Message Text

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21

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 EB-07 IGA-01 L-03 OMB-01 TRSE-00

DODE-00 CIAE-00 INR-07 NSAE-00 INT-05 OES-03 /043 W

----- 018385

R 142125Z NOV 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 2514

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E. O. 11652: N/A

TAGS: EMIN, BR

SUBJECT: US-BRAZIL MINERALS COOPERATION IN POST-AID ERA

REFS: A. STATE 255270; B. BRASILIA 9642

1. ON NOVEMBER 4 MARRANZINO OF USGS CONCLUDED 17-DAY VISIT TO BRAZIL IN WHICH HE CALLED ON SENIOR REPRESENTATIVES OF MINISTRY OF MINES AND ENERGY, DNPM, DNAEE, CNEN, NUCLEBRAS AND CPRM. MARRANZINO AND GOB OFFICIALS DISCUSSED AT LENGTH WIND-UP OF PRESENT AID-FUNDED USGS PROGRAM AND PROSPECTS FOR A NEW POST-AID MINERALS AGREEMENT, INCLUDING POSSIBLE PROJECTS OF MUTUAL INTEREST.

2. ALL OF THE AGENCIES CONTACTED EXPRESSED CONCERN AND DISAPPOINTMENT OVER POSSIBILITY THAT USGS ACTIVITIES MAY TERMINATE IN BRAZIL AFTER MORE THAN FOUR DECADES OF ASSISTANCE AND COOPERATION. BRAZILILANS STATED THAT ALTHOUGH THE GOVERNMENTS OF CANADA, WEST GERMANY, FRANCE, UNITED KINGDOM, ITALY AND JAPAN HAVE EITHER RECENTLY CONCLUDED MINERALS ASSISTANCE AGREEMENTS OR HAVE OFFERED SUCH ASSISTANCE ON GENEROUS TERMS, GOB IS EXTREMELY ANXIOUS TO CONTINUE ITS WELL-ESTABLISHED MINERALS

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CONNECTION WITH USG.

3. MOST OF THE AGENCY OFFICIALS CONTACTED EXPRESSED INFORMAL OPINION THAT GOB PROBABLY WOULD BE WILLING TO UNDERWRITE ALL CRUZEIRO EXPENSES ENTAILED IN A NEW AGREEMENT, INCLUDING ALL INTERNATIONAL AND DOMESTIC AIR TRVEL FOR BOTH BRAZILIAN AND US PERSONNEL; ALL INCOUNTRY PER DIEM AND HOUSING COSTS; OFFICE AND TELE-COMMUNICATIONS EXPENSES, ETC. IN VIEW OF BRAZIL'S CURRENT SERIOUS BALANCE OF PAYMENTS SITUATION, HOWEVER, THEY DOUBTED THAT GOB WOULD BE ABLE TO FUND DOLLAR COSTS - SPECIFICALLY THE SALARIES OF US PERSONNEL ON ASSIGNMENT IN BRAZIL AND PER DIEM EXPENSES OF BRAZILIANS WHO VISIT US.

4. THE PSSIBILITY THAT THE GOB WOULD CONSIDER PAYING THE DOLLAR COSTS IN CRUZEIROS PER REF B (PARA 6) WAS NOT EXPLORED IN DETAIL WITH MINISTRY OF MINES AND ENERGY REPRESENTATIVES GIVEN THE POLICY IMPLICATIONS.

5. COMMENT: HAVING DISCUSSED WITH MARRANZINO THE RESULTS OF HIS VISIT, THE EMBASSY BELIEVES THAT THE TECHNICAL ASPECTS OF ANY NEW PROGRAM WOULD BE RELATIVELY EASY TO NEGOTIATE AND IMPLEMENT, GIVEN THE EXCELLENT WORKING RELATIONSHIPS BETWEEN USG AND GOB MINERALS AGENCIES. BEFORE SERIOUS NEGOTIATIONS WITH THE GOB CAN TAKE PLACE AND BEFORE THE REINEMUND-CHIDESTER VISIT TO BRAZIL, HOWEVER, USG SHOULD DECIDE ON FUNDING MECHANISM. SPECIFICALLY, WE SHOULD RESOLVE PRIOR TO THE VISIT THE QUESTION OF THE POSSIBILITY THAT THE GOB WOULD PAY DOLLAR COSTS IN CRUZEIROS. WE AND MARRANZINO BELIEVE FURTHER THAT SINCE THE MINISTRY OF MINES AND ENERGY HAS SUPERVISORY AND COORDINATING RESPONSIBILITY FOR ALL THE MINERALS AGENCIES CONCERNED, IT SHOULD SERVE AS THE FOCAL POINT FOR ANY DISCUSSION OF A NEW MINERALS AGREEMENT.
CRIMMINS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MINERALS, FOREIGN ASSISTANCE AGREEMENTS, INTERGOVERNMENTAL COOPERATION
Control Number: n/a
Copy: SINGLE
Draft Date: 14 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BRASIL09929
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750398-0582
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751143/aaaabmgj.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 255270, 75 BRASILIA 9642
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2003 by BoyleJA>; APPROVED <22 DEC 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US-BRAZIL MINERALS COOPERATION IN POST-AID ERA
TAGS: EMIN, EAID, BR, US, (MARRANZINO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006